

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2012-55-E - ORDER NO. 2012-300

APRIL 25, 2012

IN RE: South Carolina Electric & Gas Company)	ORDER APPROVING
Annual Update on Demand Side Management)	UPDATE TO DSM RATE
Programs and Petition for an Update to Rate)	RIDER
Rider)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Petition of South Carolina Electric & Gas Company (“SCE&G” or the “Company”) to update its Demand Side Management Rate Rider (“DSM Rider”) as permitted by Order No. 2010-472 in Docket No. 2009-261-E. Order No. 2010-472 provides for the recovery of costs and lost net margin revenue associated with the Company’s DSM programs, along with the Commission-approved shared savings incentive for investing in such programs, effective for bills rendered on and after the first billing cycle of May 2012.

The Company presented information to the Commission regarding its Application and suite of DSM programs at an allowable *ex parte* briefing on March 15, 2012. On March 30, 2012, the Southern Alliance for Clean Energy and the South Carolina Coastal Conservation League (collectively, “environmental intervenors”) provided comments which generally support the Company’s Petition, as well as recommendations to improve SCE&G’s efforts. On April 10, 2012, the Office of Regulatory Staff (“ORS”) filed its

Review Letter supporting the Company's Petition and generally supporting the recommendations offered by the environmental intervenors.

The Company's Petition shows program costs of \$11,589,286 to be amortized over five years with unrecovered balances bearing carrying costs at the Company's weighted average cost of capital. Accordingly, SCE&G proposes that it be allowed to recover \$2,317,857 in DSM program costs for the annual recovery period.

Added to program costs, the net lost revenues the Company proposes to recover during the annual recovery period have been calculated at \$16,352,968, which reflects the forecasted level of customer participation in each DSM measure during the Review and Forecast Periods and the reduction in demand charges and MWH sales projected to occur. The forecasted amounts for the Review Period will be recalculated and trued-up in the Company's January 2013 annual DSM filing. The projected amounts for the Forecast Period will be recalculated and trued-up in the Company's 2014 annual DSM filing.

Lastly, the shared savings incentive for the reporting period has been estimated at \$4,641,055, which is based on net program benefits the Company expects during the Review and Forecast Periods. The forecasted amount for the Review Period will be recalculated and trued-up in the Company's January 2013 annual DSM filing. The projected amount for the Forecasted Period will be recalculated and trued-up in the Company's 2014 annual DSM filing. The shared savings incentive is amortized over five years without interest or carrying costs. Accordingly, SCE&G proposes that it be allowed the opportunity to recover \$928,211 in shared savings incentives for the annual recovery period.

The total cost the Company is seeking to recover is \$19,599,036. The corresponding billing factors for each customer class are shown in the below table:

DSM Rider Class	2012 rate (cents/kWh)
Residential	0.132
Small General Service	0.189
Medium General Service	0.131
Large General Service	0.012

We approve the Company's Petition to update its DSM Rider effective for bills rendered on and after the first billing cycle of May 2012. The requested rates shall remain in effect until further action by the Commission. As established in Order No. 2010-472, the Company shall continue to file its annual update by January of each year. Hereafter, Petitions to Intervene must be filed by February 28, and ORS and other intervenors shall comment on the Company's Application no later than March 15. After March 15, the Commission will make a determination as to whether further proceedings are necessary.

According to the Company's Petition, Evaluation, Measurement and Verification (EM&V) reports for its programs should be available in May 2012. The Company shall provide copies of its EM&V reports to ORS and to the Commission.

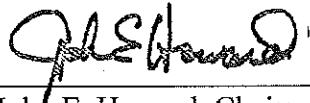
As suggested by the environmental intervenors, we also direct the Company to (1) conduct robust and transparent EM&V and provide information on how the shared savings mechanism is calculated; (2) consider increasing efficiency opportunities for the industrial customer sector; (3) consider existing program delivery models as it develops a low-income residential energy efficiency program; and (4) consider strengthening its efficiency portfolio in the future by adding additional measures and programs. The

Company should include in its 2013 annual update a description of how the recommendations in Items 2, 3, and 4 have been taken into consideration.

Additionally, I move that for all future annual updates, the Company provide notice pursuant to the Commission's discretionary power under S.C. Code Ann. Section 58-27-870(F).

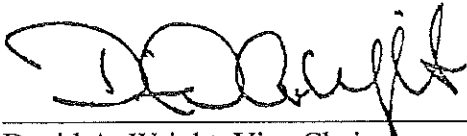
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)